

11. STRENGTHENING FEDERAL STATISTICS

Our democracy and economy demand that public and private leaders have unbiased, relevant, accurate, and timely information on which to base their decisions. Data on real Gross Domestic Product (GDP), the Consumer Price Index (CPI), and the trade deficit, for example, are critical inputs to monetary, fiscal, trade, and regulatory policy. They also have a major impact on government spending, budget projections, and the allocation of Federal funds. Economic data, such as measures of price change, have as well a significant influence on interest rates and cost-of-living adjustments that affect every American who runs a business, saves for retirement, or mortgages a home. Taken together, statistics produced by the Federal Government on demographic, economic, and social conditions and trends are essential to inform decisions that are made by virtually every organization and household.

The U.S. Federal statistical system comprises some 70 agencies that collect, analyze, and disseminate information for use by governments, businesses, researchers, and the public. Approximately half of the funding for the statistical system provides resources for ten agencies that have statistical activities as their principal mission (see Table 11-1.) The remaining funding is spread among some sixty agencies that carry out statistical activities in conjunction with other missions such as providing services or enforcing regulations.

Under the aegis of the congressionally-mandated Interagency Council on Statistical Policy (ICSP), the principal statistical agencies continue to extend their collaborative endeavors to improve the overall performance and efficiency of the Federal statistical system. For example, during 1998 the ICSP continued its support of FedStats (www.fedstats.gov), a "one-stop shopping" Internet site for Federal statistics that permits easy access via an initial point of entry to the wide array of information available to the public from the 70 agencies. In September 1998, FedStats doubled the number of Federal statistical sites indexed by its search engine from 14 to 28. FedStats has been enthusiastically received both by Web watchers and by more than a million users of Federal statistical information.

In May 1998, the Interagency Forum on Child and Family Statistics published a new report, *Nurturing Fatherhood: Improving Data and Research on Male Fertility, Family Formation and Fatherhood*, and in July released its second annual report, *America's Children, Key National Indicators of Well-Being, 1998*. In September, the Council of Economic Advisers in consultation with Federal statistical agencies published *Changing America: Indicators of Social and Economic Well-Being by Race and Hispanic Origin* for the President's Initiative on Race. This chart book, which documents current differences in well-being by race and Hispanic origin

and describes how such differences have evolved over the past several decades, provides the basis for an informed discussion about the problems faced by people of different races and backgrounds in America. Among the benefits of these activities has been the stimulation of interagency efforts to close data gaps identified in the reports.

A singularly important initiative to improve the quality and efficiency of Federal statistical programs is a legislative proposal that would allow the sharing of confidential data among statistical agencies under strict safeguards. Passage of this legislation continues to be a top priority of the Administration.

Despite these accomplishments, rapid changes in our economy and society, and funding levels that do not enable statistical agencies to keep pace with them, can threaten the relevance and accuracy of our Nation's key statistics. A growing inability of our statistical system to mirror accurately our economy and society will, in turn, undermine core government activities, such as the accurate allocation of scarce Federal funds. Fortunately, the most serious shortcomings of our statistical infrastructure could be substantially mitigated by the proposals set forth in the Administration's budget. These initiatives include:

- implementing a sampling methodology for the 2000 Decennial Census that is designed to reduce the differential undercount for hard to enumerate populations in order to improve the accuracy of data used to reapportion seats in the U.S. House of Representatives, redraw State legislative districts, and distribute annually more than \$100 billion in Federal funds to State and local jurisdictions (Bureau of the Census);
- providing a comprehensive, integrated, and internationally comparable statistical base for analysis as well as reliable and timely information on the impact on the U.S. economy of increasingly integrated world markets (Bureau of Economic Analysis);
- modernizing our basic industrial classification to reflect the structural and technological make-up of our economy and facilitate economic analyses that cover the entire North American Free Trade Agreement area (Bureau of Labor Statistics and Bureau of the Census);
- improving the timeliness and accuracy of the CPI to permit more rapid revision in future years, to produce alternative measures of the change in the cost of living, to reflect more accurately changes in the quality of goods and services, and to allow more timely introduction of new goods into the CPI (Bureau of Labor Statistics);

- providing consistent, accurate, and current demographic information for all States as well as for sub-State areas with populations greater than 250,000 through the American Community Survey program, which will result in numerous data improvements and efficiencies including far more timely data to distribute over \$100 billion in Federal funds annually to States and local areas (Bureau of the Census); and
- providing new statutory authority for the limited sharing of confidential statistical information

among specific Federal statistical agencies solely for statistical purposes. The proposed changes would permit these statistical agencies to manage information in many important respects as if they were part of a single agency, thereby increasing the accuracy of statistical estimates and the efficiency of Federal data collection.

The following highlights elaborate on the Administration's proposals to strengthen the programs of the principal Federal statistical agencies.

HIGHLIGHTS OF 2000 PROGRAM CHANGES FOR PRINCIPAL STATISTICAL AGENCIES

Bureau of Economic Analysis: Funding is requested to update and improve the data used in estimating GDP and national income and to continue moving forward on other key initiatives in BEA's Strategic Plan for improving its economic accounts. Initiatives would produce: (1) new and improved measures of output and prices, by extending BEA's work on quality adjustments; (2) better measures of investment, savings, and wealth, by developing a comprehensive accounting for software; and (3) improved measures of international transactions, by expanding the coverage of rapidly growing international services and financial instruments.

Bureau of Justice Statistics: Funding is requested to: (1) develop and implement a program to produce consistent annual measures of the incidence of hate crimes and to estimate the extent and nature of change from year to year; (2) develop a tribal data collection program that would include conducting a complete census of approximately 500 recognized Indian tribes to collect data on the types and characteristics of criminal justice agencies operating in these jurisdictions, measuring services provided to these communities, assessing the tribes' capacity to collect and report information on crime in their jurisdictions, improving crime measurement capabilities and information systems, integrating tribal crime statistics into existing national reports, and carrying out studies on violent crime in Indian tribal jurisdictions; and (3) collect and analyze data on pre-trial drug testing of offenders; treatment policies, practices, and services available to arrestees; case processing of drug abuse violators; State court management of drug-related cases and services; and drug-free workplace policies in State and local agencies.

Bureau of Labor Statistics: Funding is requested to: (1) complete the Consumer Price Index (CPI) revision; (2) continue improvements in the CPI revision process that would make it possible to complete the CPI weight update more rapidly, allow BLS to produce alternative measures of change in the cost of living, improve the measurement of changes in the quality of goods and services, and provide a basis to bring new goods into the CPI on a more timely basis; (3) complete the initial transition from the Standard Industrial Classification

(SIC) to the new North American Industry Classification System (NAICS); (4) expand the Employment Cost Index (ECI) sample to produce more precise indices of quality changes in employer wage and benefit costs by major industry and major occupational group and to produce better annual estimates of employer cost levels; (5) extend the application of quality adjustments and accelerate the introduction of new products in the Producer Price Index (PPI), expand PPI coverage for the first time to the construction sector of the U.S. economy, and enhance coverage of the service sector in the PPI and in BLS productivity data; and (6) improve data dissemination by expanding the Internet public access site.

Bureau of the Census: Funding is requested to: (1) shift from planning and testing for the 2000 Decennial Census to the operational phase based on sampling for nonresponse follow up; (2) establish a nationwide physical and technological infrastructure employing several hundred thousand people based in 476 local Census Bureau offices to collect and process data for Census 2000; (3) deliver Census 2000 questionnaires and collect data from an estimated 118 million households; (4) tabulate the data collected in Census 2000 for use in the reapportionment of Congressional representation and in formulas for annually distributing in excess of \$100 billion in Federal funds; (5) prepare the American Community Survey national sample for benchmarking these data against Census 2000 data; (6) publish the first North American Industry Classification System (NAICS)-based Annual Survey of Manufactures and County Business Patterns reports in mid-2000, collect Annual Capital Expenditures Survey data on a NAICS basis for 1999, restructure the program of annual service industry surveys, and collect NAICS-based annual statistics for additional service industries in the new program for calendar years 1998 and 1999; and (7) complete dissemination of data from the 1997 Economic Censuses, and begin preparations for the 2002 Economic Censuses and the 2002 Census of Governments.

Bureau of Transportation Statistics: Funding is requested to: (1) produce and enhance data compilations and analyses concerning patterns of passenger travel and goods movements that are reported in the congres-

sionally-mandated Transportation Statistics Annual Report and companion publications; (2) extend efforts to provide technical assistance in the use of statistics and data products to State and local authorities; (3) initiate analyses as directed by Congress in TEA-21, including the Intermodal Transportation Data Base, Transportation Capital Stocks Account, National Transportation Atlas Data Base, International Trade Impact Study, and other analyses related to international transportation; and (4) expand collections and services of the National Transportation Library.

Economic Research Service: Funding is requested to: (1) enhance commodity market analysis; (2) support an initiative on the economic incentives for carbon sequestration and trace gas emissions control in agriculture; (3) cooperate with the U.S. Global Change Research Program (USGCRP) National Assessment activities; (4) provide economic analyses in food-safety risk assessment; (5) meet the analytical information needs of small farmers, niche marketers, and other casualties of an industrializing agricultural sector; and (6) assess the effects of electric utility deregulation on rural communities. The decrease in ERS total funding reflects the proposal to reverse the 1999 transfer of funds (\$12.2 million) for the evaluation of domestic food assistance programs from the Food and Nutrition Service.

Energy Information Administration: Funding is requested to: (1) enhance international analysis capabilities to assess carbon mitigation, permit trading, and other global climate change issues; (2) begin assessing the accuracy and reliability of energy data systems such as consumption surveys which are operating on a base that is reaching 20 years of age, well beyond the normal 10-year life-cycle; (3) continue overhauling survey frames and data systems to maintain the ability to analyze changes such as those brought on by deregulation and restructuring in the natural gas and electricity industries; and (4) seek further efficiency gains through the use of information processing and communications technologies.

National Agricultural Statistics Service: Funding is requested to: (1) conduct a survey of fruit and vegetable growers, as well as fruit and vegetable packing houses, to help ensure food safety in the production and processing of domestic and imported fruits and vegetables; (2) expand measurement of chemical usage on cropland within the Mid-Atlantic region, and lead a multi-agency collaborative effort to "warehouse" data and information from the many independent assessment activities into an integrated and consistent geographically linked information system in support of the National Environmental Monitoring and Research Framework; (3) establish a permanent office in Puerto Rico; (4) collect pes-

ticide use data for the horticulture and greenhouse industries, and expand pesticide use surveys for other commodities; and (5) conduct the Agricultural Economics and Land Ownership Survey, which occurs every 10 years following the Census of Agriculture and provides the only comprehensive source of data on agricultural land ownership, financing, and inputs by farm operators and landlords for each State. The decrease in NASS total funding reflects a reduction in funding for the Census of Agriculture due to the cyclical nature of the program.

National Center for Education Statistics: Funding is requested to: (1) redesign the Integrated Postsecondary Education Data System (IPEDS) to utilize a new web-based system; (2) improve dissemination of consumer information on college costs and prices; (3) begin development of a higher-education cost index, in cooperation with the Bureau of Labor Statistics; (4) perform a post-secondary teacher education study that standardizes the definition for teacher certification at the State level; (5) develop individual State capacity to interpret, report, and use National Assessment of Educational Progress (NAEP) data; (6) permit State and local jurisdictions to provide annual NAEP-like indicators of educational progress; (7) enhance the dissemination of NAEP data on the Internet; and (8) increase the use of computers in all phases of NAEP assessments.

National Center for Health Statistics: Funding is requested to: (1) help States implement a major revision to the international coding system for mortality, make further improvements in data quality and timeliness, and maintain the scope of data available on births and deaths; (2) support a fundamental sample redesign for the National Health Interview Survey following the decennial census; (3) provide new, state-of-the-art medical and communications technology to improve quality and speed results for the National Health and Nutrition Examination Survey; (4) begin to implement new approaches to monitoring the health care delivery system, including organizational and financial arrangements of providers, as part of a public/private effort to address major data gaps in this area; (5) develop new approaches to acquiring data on special populations such as racial and ethnic groups in order to track progress in meeting health objectives, identify health differentials, and better understand differences among groups; (6) implement surveys to produce State level data for tracking changes in access to care, insurance coverage, health status, and use of health services as market and policy reforms are implemented; and (7) make data more readily available to users by improving timeliness and access through use of automated systems and the Internet.

Table 11-1. 1998-2000 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES

(In millions of dollars)

	1998 actual	1999 enacted	2000 request
Bureau of Economic Analysis	42.5	43.2	49.4
Bureau of Justice Statistics	21.5	25.0	32.0
Bureau of Labor Statistics	380.5	398.9	420.9
Bureau of the Census	686.5	1,339.9	3,071.7
Periodic Censuses and Programs	549.8	1,193.8	2,914.8
Salaries and Expenses	136.7	146.1	156.9
Bureau of Transportation Statistics	31.0	31.0	31.0
Economic Research Service	71.6	65.8	¹ 55.6
Energy Information Administration	66.8	70.5	72.6
National Agricultural Statistics Service ²	118.3	104.0	100.6
National Center for Education Statistics	91.0	104.0	117.5
Statistics	59.0	68.0	77.5
Assessment	32.0	36.0	40.0
National Center for Health Statistics	84.6	94.6	109.6
PHS Evaluation Funds	58.5	67.8	109.6
Budget Authority	26.0	26.8

¹ Decrease reflects the proposal to reverse the 1999 transfer of \$12.2 million for the evaluation of domestic food assistance programs from the Food and Nutrition Service.

² Includes funds for the periodic Census of Agriculture and Special Studies of \$36.5, \$23.6, and \$16.5 (million) in 1998, 1999, and 2000, respectively.